Executive Summary
Request for Proposals (RFP)
Fernald Environmental Management Project (FEMP)

The Department of Energy plans to award a performance-based contract for environmental remediation and closure of the Fernald Environmental Management Project (FEMP). The objective of the procurement is to accelerate completion of the remediation, restoration and closure of the FEMP through both self performance and the use of competitive subcontracting.

The 1,050-acre former uranium metals production facility was built in 1951 to produce high-purity uranium metals in support of national defense programs. This was accomplished by chemically and physically purifying feed materials and converting them into uranium metal. Production at the site was terminated in 1989, and the mission of the site turned to environmental cleanup. While the DOE will maintain ownership of the site, the agreement with the local community and stakeholders is that the site will become open space, available, with appropriate controls, for public use. Institutional care for the final On-Site Disposal Facility will be provided to assure continued protection of the public and the environment. All radioactive materials exceeding the agreed to limits of the Records of Decision will be sent for off-site disposal.

The site consists of three primary areas:

A. the former production area, comprising a 136-acre tract located at the center of the site where physical and chemical uranium processes occurred;
B. the silos storage area located west of the production area, which includes wastes in three silos and radium-containing materials stored in Silos 1 and 2, and;
C. the surrounding soils and land to which contaminants were released through air emissions, wastewater discharges, storm water runoff, leaks and spills from materials processing.

The current technical approach for the contract to be awarded through this RFP includes two parts. The first is to complete cleanup of "Legacy Facilities," which includes the former production area, waste storage areas, material storage areas (including silos dismantlement), stabilization of Silos 1 and 2 material, removal of treated silo materials and completion of the On-Site Disposal Facility. Completion of these actions will mark a major milestone in site cleanup, and permit a significant reduction in landlord costs. The current schedule projects completion of these activities by the end of FY 2008. However, the Department's goal is to accelerate these actions and achieve Legacy Facility Completion by FY 2006.

The stabilization of materials in Silos 1 and 2 is the current critical path activity for cleanup of the FEMP. A competitive subcontract has been awarded already for the interim removal and storage of material from Silos 1 and 2 until stabilization occurs. Alternatives for stabilization are currently being evaluated, and a selection is to be made (under the current baseline) on or before April 2001. A competitive fixed priced subcontract is expected to be awarded by the site prime Contractor for the design, construction, operation and decontamination of facilities to stabilize Silos 1 and 2 material and permit transportation of the material to an off-site facility for disposal.

The second part of the current technical approach, "Site Completion," includes final decontamination/dismantlement and disposal of the silo treatment facilities, residual soil removal and final site restoration. The decontamination/dismantlement of facilities used to stabilize Silos 1 and 2 material is currently scheduled to be completed between FY 2008 and the middle of FY 2010, together with completion of the cleanup of any supporting facilities in order to achieve "Site Completion". However, DOE is evaluating ways to accelerate by up to one year the procurement process for remediation of Silo 1 and 2 material. The Department's goal is to accelerate the achievement of Site Completion by up to two years. The baseline will be adjusted accordingly.

With the objective of this procurement being the acceleration of remediation, restoration and closure activities, the Contractor will be incentivized to accelerate all activities in the project. In order to obtain these results, fee will be utilized to provide the Contractor with significant monetary incentives. Consistent with this objective, the maximum fee incentive corresponds to the Department's goal of overall project completion by FY 2006. The maximum fee is approximately 12 percent of the target cost; the minimum fee is approximately 2 percent of the target cost. Initial target fee will be 4 percent of target cost. Fee will be awarded provisionally until the work is completed. After completion of the work, the fee will be adjusted either upwards or downwards based on the actual completion date and the final cost.

Cost Incentive (Maximum) **	Schedule Incentive (Maximum) **	Legacy Facility Completion Fee (Maximum) **	Total Fee (Maximum) **
$170,000,000	$50,000,000	$20,000,000	$240,000,000

** The amounts shown are based on prospective funding guidance and will not be changed unless the total project cost is modified by more than 20%.

The Total Fee will be distributed between Schedule Incentive and Cost Incentive, beginning December 1, 2000. There will be no fee paid during the Transition Period (award date through November 30, 2000). The maximum Schedule Incentive, including the Legacy Facility Completion Fee, is $70,000,000. The maximum Cost Incentive will be based on the Contractor's proposal. The initial share line is an 80/20 split--80% to the Government and 20% to the Contractor. This share line may be changed based on the Contractor's proposed level of Cost Incentive.

A. Cost Incentive. The Offeror will propose the maximum amount of Cost Incentive. The maximum allowed is $170,000,000. The minimum Cost Incentive is $50,000,000 as set in the Request for Proposals. The maximum amount is based on an overall project savings of $450,000,000. The minimum amount extends along the share line to a cost overrun of $150,000,000. The Cost Incentive will be awarded based on savings from the Target Cost.

1. The amount of Cost Incentive will be based on the maximum Cost Incentive proposed by the Contractor. If the Contractor proposes an amount lower than the $170,000,000 maximum, the share line will drop and the Target Fee will be reduced. The final amount paid to the Contractor will be based on the Cost savings at completion, and will be adjusted for provisional fee paid during the term of the contract.

2. If the cost at completion is the Target Cost amount, the fee earned will be the Target Fee. Under the current baseline the Target Fee is $80,000,000. If final project costs exceed the Target Cost by $150,000,000 or more, the minimum fee will be $50,000,000. If the final project costs exceed the target cost by less than $150,000,000, the fee will be adjusted on a straight line basis.

B. Schedule Incentive. A maximum of $70,000,000, including the Legacy Facility Completion Fee, will be allocated to Schedule Incentive. The Schedule Incentive will be awarded based on acceleration of Site Completion from the Target Date.

1. If the Site Completion date is one year before the Target Date, the maximum Schedule Incentive is $12,000,000. If the Site Completion date is two years before the Target Date, the maximum Schedule Incentive is $30,000,000. If the Site Completion date is three years before the Target Date, the maximum Schedule Incentive is $50,000,000. Completion dates that do not fall on a year anniversary of the Target Date will be adjusted on a straight line basis.

2. In order for the Legacy Facility Completion Fee to be added to the Site Completion schedule fee, the Contractor must have completed all activities associated with Legacy Facility Completion, as defined in the Statement of Work, on or before September 30, 2005. Completion after that date will be calculated on a straight line basis through December 31, 2006.

3. If the Contractor achieves Legacy Facility Completion as described in the Statement of Work by September 30, 2005, $20,000,000 will be added to the maximum Schedule Incentive. For example, if the Contractor finishes Legacy Facility Completion by September 30, 2005 and completes all site work one year before the Target Date, the maximum Schedule Incentive will be ($20,000,000 + $12,000,000 =) $32,000,000.

Schedule Incentive:

	3 years ahead of Target Date	**2 years ahead of Target Date**	**1 year ahead of Target Date**	**Target Date**	**1 year after Target Date**	**2 years after Target Date**
Site Completion	*$50 Million*	*$30 Million*	*$12 Million*	*[Zero]*	*minus $5 Million*	*minus $10 Million*
Legacy Facility Completion	*on or before 9/30/05 add $20 Million*	*on or before 9/30/05 add $20 Million*	*on or before 9/30/05 add $20 Million*	*on or before 9/30/05 add $20 Million*	*on or before 9/30/05 add $20 Million*	*on or before 9/30/05 add $20 Million*

4. If the date of Site Completion is on the Target Date, no Schedule Incentive will be awarded to the Contractor, and all Schedule Incentive paid provisionally, other than Legacy Facility Completion Fee that has been paid provisionally, will be returned to the Government. However, if the Contractor completes later than the Target Schedule Date, the net amount of fee earned, (including the cost incentive fee), will be reduced up to a maximum of $10 million. However, if the Contractor achieved Legacy Facility Completion by September 30, 2005, but did not achieve Site Completion until the Target Date, the maximum available Schedule Incentive would be $20,000,000. If the Contractor does not achieve

Site Completion until one year after the Target Date, the Contractor's net fee earned will be reduced by $5,000,000. If the Contractor does not achieve Site Completion until two years or more after the Target Date, the Contractor's net fee earned will be reduced by $10,000,000. For example, if the Contractor achieved Legacy Facilities Completion by September 30, 2005, but missed Site Completion by two years, the Contractor would be eligible for $10,000,000 in Schedule Incentive.

Funding Ceiling. The following table, "Expected Funding Ceiling Profile," provides an estimate of the expected maximum available funding for FY 2001 through FY 2010.

Expected Funding Ceiling Profile ($ Million)

Fiscal Year	**2001**	**2002**	**2003**	**2004**	**2005**
Available Funding	$ 264	$ 266	$ 267	$ 266	$ 255
DOE costs (incl. fee)	($ 26)	($ 24)	($ 23)	($ 24)	($ 35)
Flat Funding	$ 290	$ 290	$ 290	$ 290	$ 290
Fiscal Year	**2006**	**2007**	**2008**	**2009**	**2010**
Available Funding	$ 252	$ 262	$ 267	$ 267	$ 267
DOE costs (incl. fee)	($ 38)	($ 28)	($ 23)	($ 23)	($ 23)
Flat Funding	$ 290	$ 290	$ 290	$ 290	$ 290

Note: DOE costs for waste disposal, fee and miscellaneous cost will not be available to the Contractor for work at the site. The fee portion of these DOE costs currently comprises approximately $12 - $15 million per year in the current project baseline.

Baseline Changes. The existing baseline for cost and schedule to complete cleanup of the FEMP was developed by the current prime Contractor, validated by the Ohio Field Office, and approved by DOE Headquarters based on an older funding profile that included escalation.

While Offerors are not asked to provide newly-derived cost proposals for the cleanup, they are expected to become familiar with the baseline and propose their maximum Cost Incentive based on their ability to complete FEMP closure. Also, each Offeror will identify ideas on how to improve cost and schedule as part of their technical proposals.

After award, the successful Contractor will: perform a due diligence review of the existing baseline; incorporate any revised completion dates for Silos 1 and 2 using the latest technical approach; and incorporate revised funding guidance provided by DOE. The successful Contractor will submit a revised baseline with cost and pricing data to DOE within 6 months after contract award.

Upon submittal by the Contractor of its revised baseline, DOE will reevaluate relative placement of the Target Cost and Target Date. DOE will consider the degree of innovation and aggressiveness of the Contractor's proposed Target Cost and Target Date relative to the Target Cost and Date contained in this RFP. DOE may move the Target Cost and/or Target Date up or down the share lines in order to change the amount of savings required for maximum fee or additional schedule acceleration to achieve the same fee.

If the Total Project Cost (TPC) varies by more than plus or minus twenty percent (20%), DOE will enter into good faith negotiations with the Contractor to adjust the incentives accordingly. Also, when work under this contract is increased or decreased by approved changes to the baseline, equitable adjustments to completion dates will be made, if necessary. Target Cost/Schedule will be changed through baseline change control for actions initiated by DOE or beyond the Contractor's control. However, variances (positive or negative) will be maintained to reflect the Contractor's performance and initiatives.

<u>Proposal</u>. The Contractor will propose the amount of maximum Cost Incentive which will be added to the maximum Schedule Incentive set in the RFP by the DOE.